

Message Text

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TO USDEL SECRETARY IMMEDIATE

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LIMDIS FOR THE SECRETARY FROM ENDERS

E.O. 11652: N/A

TAGS: ETRD

SUBJECT: BRIEFING MEMORANDUM: MEETING WITH SIMON, DENT,
BUTZ, BAKER AND SEIDMAN TO REVIEW PREPARATIONS FOR
JANUARY 29-30 SENATE FINANCE COMMITTEE HEARINGS ON TRADE;
MONDAY, JANUARY 26, 4:00 P.M.

1. PARTICIPANTS

STATE TREASURY

THE SECRETARY SECRETARY SIMON
UNDER SECRETARY ROBINSON ASSISTANT SECRETARY PARSKY
ASSISTANT SECRETARY MCCLOSKEY AGRICULTURE
DEPUTY ASSISTANT SECRETARY KATZ
WINSTON LORD SECRETARY BUTZ
CARL SCHMIDT (NOTETAKER) UNDER SECRETARY KNEBEL
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STR COMMERCE

AMBASSADOR DENT UNDER SECRETARY BAKER
JOHN DONALDSON STANLEY KATZ

WHITE HOUSE

COMMERCE (CONTINUED)

WILLIAM SEIDMAN
ROGER PORTER
ROBERT HORMATS

ROBERT REINTSEMA

2. CHECKLIST

-- NOTE THAT FINANCE COMMITTEE HAS ACCEPTED OUR PANEL
APPROACH FOR TESTIMONY.

-- ASK DENT TO REPORT ON PROGRESS MADE BY WORKING GROUP
IN COORDINATING ADMINISTRATION TESTIMONY.

-- RESOLVE ANY REMAINING PROBLEMS OF OVERLAP AND
DIFFERENCES REGARDING REPLIES TO ANTICIPATED QUESTIONS.

-- ENSURE UNITED ADMINISTRATION FRONT TO COUNTER ANY SFC
EFFORTS TO SPLIT ADMINISTRATION WITNESSES OR TO DICTATE
HOW PRESIDENT COORDINATES ELEMENTS OF FOREIGN POLICY
INCLUDING TRADE AND COMMODITY ISSUES.

3. AT THE MEETING YOU CHAIRED ON JANUARY 14 WITH DENT,
SIMON AND OTHERS CONCERNING THE SENATE FINANCE
COMMITTEE'S JANUARY 29-30 OVERSIGHT HEARINGS ON U.S.
FOREIGN TRADE POLICY, IT WAS AGREED THAT (1) A WORKING
GROUP UNDER DENT'S CHAIRMANSHIP WOULD BEGIN EFFORTS TO
COORDINATE THE TESTIMONY OF THE EXECUTIVE BRANCH
WITNESSES ALONG THE LINES DISCUSSED AT YOUR MEETING, AND
(2) THE PRINCIPALS AND OTHERS WOULD MEET AGAIN ON
JANUARY 26 TO REVIEW THE RESULTS OF THE WORKING GROUP AND
CONSIDER ANY OUTSTANDING PROBLEMS.

SCHEDULING

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4. THE SCHEDULING OF EXECUTIVE BRANCH TESTIMONY DISCUSSED
IN YOUR MEETING HAS BEEN CONFIRMED, WITH THE FINANCE
COMMITTEE WELCOMING THE SUGGESTION OF A PANEL PRESENTA-
TION. SIMON AND BAKER WILL APPEAR ON JANUARY 29, AND WILL
BE PRECEDED BY SENATOR BENTSEN WHO WE UNDERSTAND WILL URGE
PASSAGE OF HIS 1975 AMENDMENT DESIGNED TO PERMIT THE
EXTENSION OF GSP TO OPEC COUNTRIES. YOU, DENT AND
ASSISTANT SECRETARY RICHARD BELL OF AGRICULTURE ARE
SCHEDULED TO APPEAR IN A PANEL AT 9:30 A.M. ON JANUARY 30,
AND ARE TO PRESENT YOUR PREPARED STATEMENTS IN THAT ORDER.
(OUR LAST WORD IS THAT SECRETARY BUTZ WILL BE UNABLE TO
APPEAR WITH YOU AND DENT ON JANUARY 30.)

5. PRIVATE SECTOR WITNESSES SCHEDULED TO TESTIFY ON FEBRUARY 4-5 INCLUDE: UNITED STEELWORKERS PRESIDENT I.W. ABEL; HEATH LARRY, VICE CHAIRMAN OF U.S. STEEL; WILLIAM EBERLE, PRESIDENT, MOTOR VEHICLE MANUFACTURERS ASSOCIATION OF THE U.S. (AND FORMER STR); DON WOODWARD, PRESIDENT, NATIONAL ASSOCIATION OF WHEAT GROWERS; THOMAS HUGHES, PRESIDENT, AMERICAN CHAMBER OF COMMERCE OF VENEZUELA; AND OTHER INDUSTRY AND FARM REPRESENTATIVES.

COORDINATION OF TESTIMONY

6. DURING DENT'S WORKING GROUP MEETING THIS WEEK WE RECEIVED A COPY OF DENT'S DRAFT TESTIMONY AND ALSO OUTLINES OF THE TREASURY AND AGRICULTURE STATEMENTS. WE HAVE SINCE GIVEN OUR COMMENTS TO STR AND HAVE BEEN SUCCESSFUL IN GETTING THEM TO DELETE CERTAIN STATEMENTS WHICH SEEMED TO IMPLY THAT STR WAS UNHAPPY WITH SOME ASPECTS OF EXISTING INTERAGENCY POLICY COORDINATION. THE OUTLINES TREASURY AND AGRICULTURE CIRCULATED INDICATE THAT THERE MAY BE SOME OVERLAP IN THE STATEMENTS, PARTICULARLY IN THE AREA OF COMMODITIES, ONCE THE DRAFTS ARE EXCHANGED. IF POSSIBLE, WE WILL TRY FOR ANOTHER WORKING GROUP MEETING ON THE MORNING OF JANUARY 26 TO CORRECT SUCH PROBLEMS.

7. DURING DENT'S WORKING GROUP MEETING WE PRESENTED AN OUTLINE OF THE DRAFT TESTIMONY I FORWARDED TO YOU ON JANUARY 17. WE STRESSED THAT YOU HAD NOT YET HAD AN LIMITED OFFICIAL USE
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OPPORTUNITY TO GIVE US YOUR COMMENTS ON THE PROPOSED TESTIMONY AND THEREFORE IT MUST BE CONSIDERED WITH THAT IN MIND. HOWEVER, SINCE THE OUTLINE AND PROPOSED TESTIMONY ARE QUITE CONSISTENT WITH THE APPROACH YOU DESCRIBED TO THE OTHER AGENCIES ON JANUARY 14, THE OUTLINE WE PRESENTED WAS GENERALLY WELL RECEIVED.

8. AMONG THE COMMENTS WERE THE FOLLOWING:

9. -- THE STATEMENTS ALL SHOULD BE SHORT. THE FINANCE COMMITTEE HAS ASKED THAT PARTICIPANTS LIMIT THEMSELVES TO FIFTEEN MINUTES EACH.

10. -- STATE SHOULD AVOID GOING INTO DETAILS ON THE MULTILATERAL TRADE NEGOTIATIONS SINCE THE COMMITTEE WOULD REACT NEGATIVELY IF STATE WERE TO SEEM TO BE ATTEMPTING TO TAKE THE LEADING ROLE IN THESE NEGOTIATIONS. (I BELIEVE OUR PROPOSED STATEMENT IS ABOUT RIGHT IN THIS RESPECT.)

11. -- IF ANY NEW INITIATIVES ARE TO BE ANNOUNCED BY ANY

AGENCY, THESE SHOULD BE POINTED OUT IN ADVANCE TO OTHER PARTICIPANTS. (OTHER AGENCIES SAID THEY WERE NOT PLANNING TO PUT FORWARD ANY NEW INITIATIVES AT THE HEARINGS. WE SAID WE HAD NOT RECEIVED YOUR REACTION TO THE PROPOSED STATEMENT BUT THAT WE DOUBTED THAT THESE HEARINGS WOULD BE THE PLACE FOR NEW INITIATIVES.)

12. WE ALSO GAINED AGREEMENT OF THE OTHER AGENCIES THAT WE WILL WORK OUT A COMMON SET OF AGREED ANSWERS TO ANTICIPATED QUESTIONS IN A FURTHER EFFORT TO ENSURE A COMMON FRONT BY THE EXECUTIVE BRANCH. WORK ON THIS IS CONTINUING.

13. THE FINANCE COMMITTEE ISSUED A THREE PAGE PRESS RELEASE ON JANUARY 19 ANNOUNCING THE HEARINGS, INDICATING THE FOREIGN TRADE ISSUES THEY INTEND TO EXPLORE, AND GIVING THE SCHEDULE OF WITNESSES. (YOUR OFFICE HAS A COPY OF THIS PRESS RELEASE.)

14. AMONG THE ISSUES TO BE EXPLORED IS QTE WHICH LIMITED OFFICIAL USE LIMITED OFFICIAL USE

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DEPARTMENTS WITHIN THE U.S. GOVERNMENT ARE RESPONSIBLE FOR CARRYING OUT FOREIGN ECONOMIC POLICY OBJECTIVES AND HOW ARE THESE OBJECTIVES COORDINATED IN ACCORDANCE WITH CONGRESSIONAL INTENT? UNQTE THIS COULD BE TROUBLESOME SINCE THE JURISDICTIONAL PROBLEMS WHICH WERE RAISED BY AMBASSADOR DENT SOME WEEKS AGO HAVE NOT YET BEEN RESOLVED. ALTHOUGH IT SEEMED IN THE MEETING CHUCK ROBINSON HAD WITH DENT ON JANUARY 15 THAT STR WAS BEGINNING TO WITHDRAW FROM ITS INITIAL OBJECTIVE OF TAKING OVER LEADERSHIP IN VIRTUALLY ALL TRADE AND TRADE RELATED MATTERS, DENT REVERSED FIELD THIS WEEK AND ASKED SEIDMAN TO TAKE UP THE ISSUE, INDICATING HE FELT FURTHER DISCUSSION AT THE STATE-STR LEVEL WOULD NOT BE USEFUL. THIS MEETING, WITH ROBINSON, DENT AND SEIDMAN, WILL TAKE PLACE ON TUESDAY, JANUARY 27. ASSUMING THAT MEETING WILL NOT RESOLVE THE MATTER, CHUCK ROBINSON WILL THEN RECOMMEND THAT YOU SET FORTH YOUR VIEWS ON THIS PROBLEM TO THE PRESIDENT, STRESSING THAT, IN EFFECT, STR'S EFFORTS CONSTITUTE AN ISSUE OF THE RESPECTIVE POWERS OF THE EXECUTIVE AND LEGISLATIVE BRANCHES AND THEREBY THREATEN TO ERODE THE AUTHORITY OF THE PRESIDENCY ITSELF.

15. ALTHOUGH WE HAVE EMPHASIZED TO SEIDMAN HOW CRUCIAL IT WILL BE TO RESOLVE THIS JURISDICTIONAL PROBLEM BEFORE THE FINANCE COMMITTEE HEARINGS BEGIN ON JANUARY 29, IT NEVERTHELESS APPEARS QUITE POSSIBLE THAT IT WILL NOT BE.

THEREFORE WE MUST MAKE CERTAIN THAT OUR DIFFERENCES ARE

NOT PLAYED OUT BEFORE THE COMMITTEE OR MADE MORE DIFFICULT AS A RESULT OF THE HEARINGS. WHILE WE DO NOT WANT TO AIR OUR DIFFERENCES BEFORE SIMON, BUTZ AND THE OTHERS IN YOUR MEETING ON MONDAY, IT MAY BE NECESSARY FOR YOU TO REASSERT THE NEED FOR A UNITED ADMINISTRATION FRONT ALONG THE LINES OF YOUR COMMENTS AT THE JANUARY 14 MEETING. FOR YOUR CONVENIENCE, THERE FOLLOWS THE TALKING POINTS FOR THIS PURPOSE WHICH YOU DREW UPON AT THE PREVIOUS MEETING:

16. -- WE WILL PROBABLY BE ASKED TO COMMENT ON COORDINATION WITHIN THE ADMINISTRATION REGARDING U.S. TRADE POLICY INCLUDING NOT ONLY SUCH ISSUES AS THE MULTILATERAL LIMITED OFFICIAL USE
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TRADE NEGOTIATIONS BUT ALSO THE SEVENTH SPECIAL SESSION, AND ITS INCORPORATED COMMODITY ISSUES, THE LONDON GRAINS NEGOTIATIONS, AND THE U.S./SOVIET WHEAT DEAL.

17. -- WE MUST ALL BEAR IN MIND THAT THIS IS AN ELECTION YEAR AND THAT OPPONENTS OF THE PRESIDENT WILL TAKE ADVANTAGE OF ANY SEEMING DISAGREEMENT AMONG ADMINISTRATION OFFICIALS WHETHER ON SUBSTANCE OR PROCEDURE FOR THEIR OWN

POLITICAL ENDS. WE SHOULD CONSTANTLY EMPHASIZE THEREFORE THE CLOSE AND EFFECTIVE COORDINATION BY THE PRESIDENT'S TEAM.

18. -- WE SHOULD NOT ALLOW THE COMMITTEE EITHER TO ATTEMPT TO CREATE DIFFERENCES AMONG US OR TO GO BEYOND A STRICT INTERPRETATION OF THE TRADE ACT AND TRY TO DICTATE HOW THE EXECUTIVE BRANCH CARRIES OUT ITS RESPONSIBILITIES IN THE TRADE AREA.

19. -- I BELIEVE IT IMPERATIVE IN ORDER TO DEMONSTRATE EFFECTIVE EXECUTIVE BRANCH HANDLING OF FOREIGN POLICY AND FOREIGN TRADE POLICY MATTERS THAT WE AGREE NOW TO PRESENT A UNITED FRONT AND ANSWER ANY SUCH QUESTIONS ALONG THE FOLLOWING LINES:

20. (A) THERE HAS BEEN CLOSE AND EFFECTIVE COORDINATION AMONG ALL INTERESTED AGENCIES WITH REGARD TO OVERALL U.S. FOREIGN ECONOMIC POLICY INCLUDING TRADE POLICY, ENERGY POLICY AND COMMODITY POLICY.

21. (B) IT IS OF COURSE THE PRESIDENT'S PREROGATIVE TO DETERMINE WHICH CABINET OFFICER SHOULD TAKE THE LEAD WITH REGARD TO ANY PARTICULAR NEGOTIATION, TAKING INTO ACCOUNT EXISTING LEGISLATION SUCH AS THE PROVISIONS OF THE TRADE ACT WHICH PROVIDE FOR STR'S CHIEF NEGOTIATING ROLE IN AREAS SUCH AS THE MULTILATERAL TRADE NEGOTIATIONS.

22. CONCURRENCES: H:KJENKINS; E:DWOOD; L/EB:PTRIMBLE.
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